



DEPARTMENT OF COMMERCE

International Trade Administration

[C-570-017]

Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Preliminary Results of Countervailing Duty Administrative Review and Rescission of Review, in Part; 2020

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The U.S. Department of Commerce (Commerce) preliminarily determines that countervailable subsidies are being provided to producers/exporters of certain passenger vehicle and light truck tires (passenger tires) from the People's Republic of China (China) during the period of review (POR), January 1, 2020, through December 31, 2020. In addition, we are rescinding the review with respect to 12 companies. Interested parties are invited to comment on these preliminary results.

DATES: Applicable [Insert date of publication in the *Federal Register*].

FOR FURTHER INFORMATION CONTACT: Nicholas Czajkowski or Richard Roberts, AD/CVD Operations, Office I, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-1395 or (202) 482-2631, respectively.

SUPPLEMENTARY INFORMATION:

Background

On October 6, 2020, Commerce published the notice of initiation of an administrative review of the countervailing duty (CVD) order on passenger tires from China.¹ On March 30, 2022, Commerce exercised its discretion to extend the preliminary results of this administrative

¹ See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 86 FR 55811 (October 7, 2021) (*Initiation Notice*).

review by 120 days, until August 31, 2022.²

For a complete description of the events that followed the initiation of this review, see the Preliminary Decision Memorandum.³ A list of topics discussed in the Preliminary Decision Memorandum is included as the appendix to this notice. The Preliminary Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <https://access.trade.gov>. In addition, a complete version of the Preliminary Decision Memorandum can be accessed directly at <https://access.trade.gov/public/FRNoticesListLayout.aspx>.

Scope of the *Order*⁴

The products covered by the *Order* are certain passenger vehicle and light truck tires from China. For a complete description of the scope of the *Order*, see the Preliminary Decision Memorandum.

Rescission of Administrative Review, in Part

Pursuant to 19 CFR 351.213(d)(1), Commerce will rescind an administrative review, in whole or in part, if the parties that requested a review withdraw the request within 90 days of the date of publication of the notice of initiation. Commerce received timely-filed withdrawal requests with respect to the following nine companies: (1) Sailun Group Co., Ltd., formerly known as Sailun Jinyu Group Co., Ltd.; (2) Sailun Group (HongKong) Co., Limited., formerly known as Sailun Jinyu Group (Hong Kong) Co., Limited; (3) Sailun Tire Americas Inc.,

² See Memorandum, "Passenger Vehicle and Light Truck Tires from the People's Republic of China: Extension of Deadline for Preliminary Results of Countervailing Duty Administrative Review; 2020," dated March 30, 2022.

³ See Memorandum, "Decision Memorandum for the Preliminary Results of the 2020 Countervailing Duty Administrative Review of Certain Passenger Vehicles and Light Truck Tires from the People's Republic of China," dated concurrently with, and hereby adopted by, this notice (Preliminary Decision Memorandum).

⁴ See *Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Amended Final Affirmative Antidumping Duty Determination and Antidumping Duty Order; and Amended Final Affirmative Countervailing Duty Determination and Countervailing Duty Order*, 80 FR 47902 (August 10, 2015) (*Order*).

formerly known as SJI North America Inc.;⁵ (4) Zhongce Rubber Group Co., Ltd.;⁶ (5) Qingdao Lakesea Tyre Co., Ltd.;⁷ (6) Safe & Well (HK) International Trading Limited;⁸ (7) Zhaoqing Junhong Co., Ltd.;⁹ (8) Shandong Wanda Boto Tyre Co., Ltd.;¹⁰ and (9) Hankook Tire China Co., Ltd.,¹¹ pursuant to 19 CFR 351.213(d)(1). Because the withdrawal requests were timely filed, and no other parties requested a review of these companies, in accordance with 19 CFR 351.213(d)(1), Commerce is rescinding this review of the *Order* with respect to these nine companies.

In addition, it is Commerce's practice is to rescind an administrative review of a CVD order, pursuant to 19 CFR 351.213(d)(3), when there are no reviewable entries of subject merchandise during the POR for which liquidation is suspended.¹² Normally, upon completion of an administrative review, the suspended entries are liquidated at the CVD assessment rate calculated for the review period.¹³ Therefore, for an administrative review of a company to be conducted, there must be a reviewable, suspended entry that Commerce can instruct U.S. Customs and Border Protection (CBP) to liquidate at the calculated CVD assessment rate calculated for the review period.¹⁴

On June 21, 2022, we issued a memorandum declaring our intent to rescind the reviews of six companies: (1) Kumho Tire Co., Inc.; (2) Kumho Tire (Changchun) Co., Inc.; (3) Kumho

⁵ See Sailum's Letter, "Countervailing Duty Order on Passenger Vehicle and Light Truck Tires ('PVL'T') from the People's Republic of China," dated November 12, 2021.

⁶ See Zhongce Rubber Group Co., Ltd.'s Letter, "Passenger Vehicle and Light Truck Tires from the People's Republic of China: Withdrawal of Request for Administrative Review," dated October 26, 2021.

⁷ See Qingdao Lakesea Tyre Co., Ltd., Safe & Well (HK) International Trading Limited, and Zhaoqing Junhong Co., Ltd.'s Letter, "Passenger Vehicle and Light Truck Tires from the People's Republic of China: Withdrawal of Request for Administrative Review," dated December 14, 2021.

⁸ *Id.*

⁹ *Id.*

¹⁰ See Shandong Wanda Boto Tyre Co., Ltd.'s Letter, "Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China – Withdrawal of Request for Administrative Review," dated December 30, 2021.

¹¹ See Hankook Tire China Co., Ltd.'s Letter, "Withdrawal of Request for Administrative Review," dated January 5, 2022.

¹² See, e.g., *Lightweight Thermal Paper from the People's Republic of China: Notice of Rescission of Countervailing Duty Administrative Review*; 2015, 82 FR 14349 (March 20, 2017); see also *Circular Welded Carbon Quality Steel Pipe from the People's Republic of China: Rescission of Countervailing Duty Administrative Review*; 2017, 84 FR 14650 (April 11, 2019).

¹³ See 19 CFR 351.212(b)(2).

¹⁴ See 19 CFR 351.213(d)(3).

Tire (Tanjin) Co., Inc.; (4) Mayrun Tyre (Hong Kong) Limited; (5) Nanjing Kumho Tire Co., Ltd.; and (6) Qingdao Nexen Tire Corporation.¹⁵ According to the CBP import data, these companies did not have reviewable entries of subject merchandise during the POR for which liquidation is suspended. However, on July 1, 2022, we received objections to rescind this review from five of six companies.¹⁶ Qingdao Nexen Tire Corporation, Kumho Tire Co., Inc., and Kumho Tire (Tianjin) Co., Inc., submitted evidence that they manufactured or exported certain suspended entries during the POR. Based on the additional information, we find that these three companies had suspended entries during the POR. *See* the Preliminary Decision Memorandum for a full discussion. Therefore, these three companies will continue in the review as non-selected respondents. Mayrun Tyre (Hong Kong) Limited did not object to the intent to rescind, while the other two companies who objected did not show evidence that they produced and/or exported any of the suspended entries during the POR. Accordingly, in the absence of reviewable, suspended entries of subject merchandise during the POR, we are rescinding this administrative review with respect to three companies, in accordance with 19 CFR 351.213(d)(3): (1) Kumho Tire (Changchun) Co., Inc.; (2) Mayrun Tyre (Hong Kong) Limited; and (3) Nanjing Kumho Tire Co., Ltd. As a result, we are rescinding the review with respect to 12 companies.

Methodology

¹⁵ *See* Commerce's Letter, "Notice of Intent to Rescind Review, In Part," dated June 21, 2022.

¹⁶ *See* Qingdao Nexen Tire Corporation's Letter, "Response to the Notice of Intent to Rescind Review, In Part," dated July 1, 2022; *see also* Kumho Tire Co., Inc.; Kumho Tire (Changchun) Co., Inc.; Kumho Tire (Tianjin) Co., Inc.; and Nanjing Kumho Tire Co., Ltd.'s Letter, "Request for Correction and Comments on the Department's June 21 Notice of Intent to Rescind Review," dated July 1, 2022 (Correction and Comment Letter).

Commerce is conducting this administrative review in accordance with section 751(a)(1)(A) of the Tariff Act of 1930, as amended (the Act). For each of the subsidy programs found to be countervailable, we preliminarily determine that there is a subsidy, *i.e.*, a financial contribution by an “authority” that confers a benefit to the recipient, and that the subsidy is specific.¹⁷ For a full description of the methodology underlying our conclusions), including our reliance, in part, on adverse facts available pursuant to sections 776(a) and (b) of the Act, *see* the Preliminary Decision Memorandum.

Preliminary Rate for Non-Selected Companies Under Review

There are eight companies for which a review was requested and not rescinded, and which were not selected for individual examination as mandatory respondents or found to be cross-owned with a mandatory respondent. The statute and Commerce’s regulations do not directly address the establishment of rates to be applied to companies not selected for individual examination where Commerce limits its examination in an administrative review pursuant to section 777A(e)(2) of the Act. However, Commerce normally determines the rates for non-selected companies in reviews in a manner that is consistent with section 705(c)(5) of the Act, which provides the basis for calculating the all-others rate in an investigation.

Section 705(c)(5)(A)(i) of the Act instructs Commerce, as a general rule, to calculate an all-others rate equal to the weighted average of the countervailable subsidy rates established for exporters and/or producers individually examined, excluding any rates that are zero, *de minimis*, or based entirely on facts available. In this review, only one mandatory respondent, Sumitomo Rubber (Hunan) Co., Ltd. (Sumitomo Rubber), had a rate which was not zero, *de minimis*, or based entirely on facts available. Thus, for the companies for which a review was requested that were not selected as mandatory company respondents and for which Commerce is not rescinding the review, Commerce is basing the subsidy rate on the rate calculated for Sumitomo Rubber.

¹⁷ See sections 771(5)(B) and (D) of the Act regarding financial contribution; section 771(5)(E) of the Act regarding benefit; and section 771(5A) of the Act regarding specificity.

Preliminary Results of Review

We preliminarily find the following net countervailable subsidy rates exist for the period January 1, 2020, through December 31, 2020:

Producer/Exporter	Subsidy Rate (percent <i>ad valorem</i>)
Sumitomo Rubber (Hunan) Co., Ltd. and its cross-owned affiliates ¹⁸	29.28
Review-Specific Average Rate Applicable to the Following Companies¹⁹	
Jiangsu Hankook Tire Co., Ltd.	29.28
Kumho Tire Co., Inc.	29.28
Kumho Tire (Tianjin) Co., Inc. ²⁰	29.28
Prinx Chengshan (Shandong) Tire Company Ltd.	29.28
Qingdao Nexen Tire Corporation	29.28
Shandong Haohua Tire Co., Ltd.	29.28
Shandong Province Sanli Tire Manufactured Co., Ltd.	29.28
Triangle Tyre Co., Ltd.	29.28

Disclosure and Public Comment

We will disclose to parties in this review, the calculations performed for these preliminary results within five days after the date of publication of this notice.²¹ Interested parties may submit case briefs no later than 30 days after the date of publication of these

¹⁸ Commerce finds the following companies to be cross owned with Sumitomo Rubber (Hunan) Co., Ltd.: Sumitomo Rubber (China) Co., Ltd. and Sumitomo Rubber (Changshu) Co. Ltd.

¹⁹ This rate is based on the rate for the respondent that was selected for individual review, excluding rates that are zero, *de minimis*, or based entirely on facts available. See section 735(c)(5)(A) of the Act.

²⁰ The company originally requested a review of Kumho Tire (Tianjin) Co., Inc. See Kumho's Letter, "Request for Administrative Review," dated August 31, 2021. We accordingly initiated a review of Kumho Tire (Tianjin) Co., Inc. See *Initiation Notice*. On July 1, 2022, Kumho noted that it made a typographical error in its review request, and its name is actually Kumho Tire (Tianjin) Co., Inc. See *Correction and Comment Letter*. This notice corrects the company's name as listed in the *Initiation Notice* to Kumho Tire (Tianjin) Co., Inc.

²¹ See 19 CFR 351.224(b).

preliminary results of review.²² Rebuttals to case briefs may be filed no later than seven days after the case briefs are filed, and all rebuttal comments must be limited to comments raised in the case briefs.²³ Pursuant to 19 CFR 351.309(c)(2) and (d)(2), parties who submit case briefs or rebuttal briefs in this review are encouraged to submit with each argument: (1) a statement of the issue; (2) a brief summary of the argument; and (3) a table of authorities. Note that Commerce has temporarily modified certain of its requirements for serving documents containing business proprietary information, until further notice.²⁴

Pursuant to 19 CFR 351.310(c), interested parties who wish to request a hearing, limited to issues raised in the case and rebuttal briefs, must submit a written request to the Assistant Secretary for Enforcement and Compliance, U.S. Department of Commerce, filed electronically using ACCESS by 5:00 p.m. Eastern Time within 30 days after the date of publication of this notice. Hearing requests should contain: (1) the party's name, address, and telephone number; (2) the number of participants, whether any participant is a foreign national; and (3) a list of the issues to be discussed. If a request for a hearing is made, parties will be notified of the date and time for the hearing to be determined. Parties should confirm the date and time of the hearing two days before the schedule date.

Unless extended, we intend to issue the final results of this administrative review, which will include the results of our analysis of the issues raised in the case briefs, within 120 days of publication of these preliminary results in the *Federal Register*, pursuant to section 751(a)(3)(A) of the Act and 19 CFR 351.213(h).

Cash Deposit Requirements

Pursuant to section 751(a)(2)(C) of the Act, Commerce intends to instruct CBP to collect cash deposits of estimated countervailing duties in the amounts shown for each of the

²² See 19 CFR 351.309(c).

²³ See 19 CFR 351.309(d).

²⁴ See *Temporary Rule Modifying AD/CVD Service Requirements Due to COVID-19; Extension of Effective Period*, 85 FR 41363 (July 10, 2020).

respondents listed above on shipments of subject merchandise entered, or withdrawn from warehouse, for consumption on or after the date of publication of the final results of this administrative review.

For all non-reviewed firms, CBP will continue to collect cash deposits of estimated countervailing duties at the all-others rate or the most recent company-specific rate applicable to the company, as appropriate. These cash deposit requirements, when imposed, shall remain in effect until further notice.

Assessment Rates

In accordance with 19 CFR 351.221(b)(4)(i), we preliminarily assigned subsidy rates in the amounts shown above for the producer/exporters shown above. Upon completion of the administrative review, consistent with section 751(a)(1) of the Act and 19 CFR 351.212(b)(2), Commerce shall determine, and CBP shall assess, CVDs on all appropriate entries covered by this review.

For the companies for which this review is rescinded, we will instruct CBP to assess countervailing duties on all appropriate entries at a rate equal to the cash deposit of estimated countervailing duties required at the time of entry, or withdrawal from warehouse, for consumption, during the period January 1, 2020, through December 31, 2020, in accordance with 19 CFR 351.212(c)(1)(i). For the companies remaining in the review, we intend to issue assessment instructions to CBP no earlier than 35 days after the date of publication of the final results of this review in the *Federal Register*.

If a timely summons is filed at the U.S. Court of International Trade, the assessment instructions will direct CBP not to liquidate relevant entries until the time for parties to file a request for a statutory injunction has expired (*i.e.*, within 90 days of publication).

Notification to Interested Parties

These preliminary results are issued and published pursuant to sections 751(a)(1) and 777(i)(1) of the Act, and 19 CFR 351.213 and 351.221(b)(4).

Dated: August 31, 2022.

Lisa W. Wang,
Assistant Secretary
for Enforcement and Compliance.

Appendix

List of Topics Discussed in the Preliminary Decision Memorandum

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- IV. Non-Selected Companies Under Review
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- VI. Diversification of China's Economy
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